2001 Syndicated Cable/Satellite TV Customer Satisfaction Study

- 6th Annual Benchmark Wave -

J.D. POWER AND ASSOCIATES

September, 2001

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KEY OBJECTIVES

Key Objectives

- Determine key drivers of customer satisfaction for residential cable/satellite TV service
- Determine the performance of the major players in the cable/satellite TV industry, including:
  - CABLE: Adelphia, Ameritech americast, AT&T Cable/Broadband, Cable One, Cablevision, Charter, Comcast, Cox, Insight, Mediacom, RCN and Time Warner
  - SATELLITE: DirecTV and DISH Network
- Identify areas of strength and weakness for each major provider
- Recognize future trends which could have an impact on the market
- Gauge the impact new services/issues may have on the cable/satellite industry
- Track performance on an annual basis

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METHODOLOGY

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Methodology

- Survey Technique
  - Mail panel of representative sample of U.S. households
  - Initially screened 200,000 households to
    - Establish cable/satellite TV usage, and;
    - Identify the primary provider of cable and/or satellite service
  - Mailed a twelve page survey to a random sample of households for each carrier based on the information obtained from the screener
  - A total of 6,163 surveys were mailed at the end of March 2001
  - Received 4,167 usable completed surveys - 68% response rate

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Methodology (Con't)

- Sampling Frame
  - Survey completed by the key household decision maker regarding cable/satellite services
  - Each group of households was balanced demographically to represent the universe of each provider, as obtained in the screener
  - Sample weighted, using the results from the screener, to reflect:
    - the 80 million households that use either cable or satellite*
    - the share of each cable and satellite provider within the total customer base

* Source: Federal Communications Commission

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Return Sample Size By Major Cable TV And Satellite TV Service Providers

Cable TV Service Providers		Satellite TV Providers	
Adelphia Cable Comms.	355	DirecTV***	355
AT&T Cable/Broadband*	445	DISH Network	355
Ameritech americast	146		
Cablevision	189		
Cable One	209		
Charter**	331		
Comcast	349		
Cox Communications	336		
Insight Communications	333		
Mediacom Comms.	290		
RCN	168		
Time Warner	355		
Other	91		

* AT&T Cable includes TCI Cable
** Charter Cable includes Falcon Cable
*** DirecTV include Primestar

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EXECUTIVE SUMMARY

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Executive Summary (Con't)

Market Penetration:

- Cable/satellite TV market penetration now reaches 83% of the population, continuing the growth trend from 1996. The penetration rate for satellite companies increased slightly over the past year (12% to 14%), while cable households fell slightly from their levels over the previous year (66% to 65%). Cable accounts for a majority of the households with approximately four cable households for every satellite household, nationwide.

Customer Satisfaction

- Ameritech's offering of Ameritech americast local cable took the top honors in Overall Satisfaction among cable and satellite users this year, significantly besting its closest competitor and the previous year's winner, DISH Network:

Ameritech americast	123	Time Warner	97
DISH Network	118	Insight	96
DirecTV	114	AT&T	96
Cox	104	Cable One	95
RCN	101	Cablevision	92
Industry Average	101	Charter	91
Adelphia	100	Mediacom	88
Comcast	98		
Satellite Average	115	Cable Average	97

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Executive Summary (Con't)

Customer Satisfaction (con't.)

- Despite Ameritech americast scoring significantly higher than its closest competitors, satellite companies still maintain a higher overall average than that of cable companies. With the exception of Ameritech americast, no other cable company scores significantly above the overall industry average and only one other, Cox, scores significantly above the cable average.
  - Among cable companies, Ameritech americast (123) is the top scorer by a significant margin, followed by Cox (104), RCN (101), Adelphia (100) and Comcast (98).
  - Ameritech americast scores significantly above the cable and industry averages in all six of the factors contributing to Overall Satisfaction, while Cox scores significantly above the industry average in three of the factors, Credibility/Billing, Equipment & Service Capabilities and Customer Service.
- Among the two major satellite companies, DISH Network edged out DirecTV in Overall Satisfaction and in all six of the factors.
  - DISH Network scored significantly below Ameritech americast in Overall Satisfaction and within the Program Offerings, Equipment Service & Capabilities and Customer Service factors. DISH Network scores directionally above Ameritech americast in the Reception Quality factor.
- Both DISH Network and DirecTV outscore the majority of the cable companies with Ameritech americast being the only exception.

Executive Summary (Con't)

Customer Satisfaction (con't.)

- Among cable companies, Ameritech americast significantly outscores the rest of the competitive pack on all factors contributing to Overall Satisfaction.
  - Cox scores significantly above the cable industry average in Overall Satisfaction, due in large part to strong scores in the Cost Of Service, Credibility/Billing, Equipment & Service Capabilities, Program Offerings and Customer Service dimensions.
  - RCN, Adelphia and Comcast perform slightly above the cable industry average. Both RCN and Adelphia are bolstered by significantly better than average scores in the Cost of Service factor.
- Time Warner, Insight, AT&T and Cable One perform on par with the cable industry average overall and across most of the factors of customer satisfaction.
- Cablevision, Charter and Mediacom score significantly below the cable industry average in Overall Satisfaction.
  - Cablevision scores significantly below the cable industry average in two of the six factors, that influence Overall Satisfaction, Cost Of Service and Credibility/Billing. Charter falls significantly below the cable industry average in four of the six factors, including Reception Quality and Credibility/Billing. Mediacom performs significantly below the cable industry average in all of the factors except for Cost Of Service.

Executive Summary (Con't)

Digital Vs. Analog

- On average, almost nine out of ten cable subscribers report that their cable company offers digital cable service. More than one fourth of cable households (27%) report subscribing to some type of digital service. Ameritech americast has the highest reported incidence of digital subscribers (38%), followed by Cablevision (35%) and Charter (34%).
  - Among households that do not have digital service, one in three (30%) report being at least somewhat likely to subscribe to it in the next year.
  - Digital households significantly outscore analog households in Overall Satisfaction as well as within all six of the factors. Digital's largest advantages are within the Program Offerings and Equipment & Service Capabilities factors, while its narrowest lead is within the Customer Service dimension.
  - Digital households tend to be slightly younger than their analog counterparts, with larger households sizes and slightly larger average incomes.
- Although Digital cable households still rate their Overall Satisfaction levels below that of satellite households, they are narrowing the gap, scoring slightly above satellite in the Equipment & Service Capabilities factor and slightly below in the Program Offerings and Customer Service dimensions.

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Executive Summary (Con't)

Impact of Switching

- Almost one half (47%) of current satellite households report having switched from cable service. In contrast only one in twenty (5%) current cable households report previously having satellite service.
- Of those households considering switching their service, five times as many would switch from cable to satellite as would switch from satellite service to cable TV.
  - Among Satellite users, "Price", "Features/Services", "Unhappy With Current Company" and "A Lack Of Local Programming" are the reasons given most often for wanting to switch their service.
  - Among Cable users, "Price", "Features/Services", "Number of Channels Available" and "Lower Price" were the top reasons given for considering switching service.

Impact of Bundling

- Almost four in ten cable households (38%) would at least somewhat consider switching all of their telecommunications services to one provider, while close to one half (46%) of satellite households would do the same.
  - Among cable and satellite households likely to bundle their telecommunications, a majority cited "Convenience" as the reason they would be most likely to switch, followed by "Receiving A Single Bill", "Discounted Prices" and "Having Only One Contact."

* Extremely/Very/Somewhat likely to combine all telecom services with one company

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Executive Summary (Con't)

Usage Patterns

- Seven out of ten (71%) cable households report subscribing to basic cable plus additional channels. Cablevision households have the highest incidence of this (81%), while Cable One households have the lowest (56%).
  - Cablevision users report the highest average cable expenditures, $54.45 per month, while Mediacom users report the lowest, $38.43. Among satellite companies, DirecTV has the higher average monthly expenditure level at $51.60 a month.

Internet Usage

- Slightly more than one half of cable households (55%) and three out of five satellite households (63%) report having some type of Internet access. Access among cable households is up four percentage points over last year, while among satellite households it is up eleven percentage points.
  - Among cable households with Internet access, almost one in ten (8%) report receiving service from their local cable companies. Of households without high-speed access, one in three (31%) are at least somewhat likely to subscribe to high-speed access from their local cable company.
  - Households that receive high-speed Internet access through a cable modem are significantly more satisfied than households that use a traditional Internet provider in overall cable satisfaction and within five of the six factors.

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Executive Summary (Con't)

Web-Based Customer Service

- One in five (20%) satellite users report visiting their provider's website within the past six months. DISH Network users have the highest reported incidence of website visits (26%).
- Information on other services offered is the leading reason given by both cable and satellite users for visiting their providers website.
  - Almost one quarter of cable households (23%) that have visited their provider's website have done so to contact customer service.

Effects Of Mergers

- On average, one quarter of all satellite and cable households (27%), reported being aware of a merger or acquisition involving their company. AT&T Cable/Broadband households reported the highest incidence of merger awareness (49%), while DISH Network households reported the lowest levels of awareness (8%).

In Sum

- Satellite TV continues its steady growth in penetration of the cable/satellite market, but its domination of the satisfaction area continues to erode. Ameritech americast cable outscored incumbent DISH Network for the first time, while the continued support of digital cable service has further narrowed the gap between cable and satellite technology.
- Continued growth in the bundling of multiple telecommunications services will continue to make the cable industry a hotbed of technological improvements and growth.

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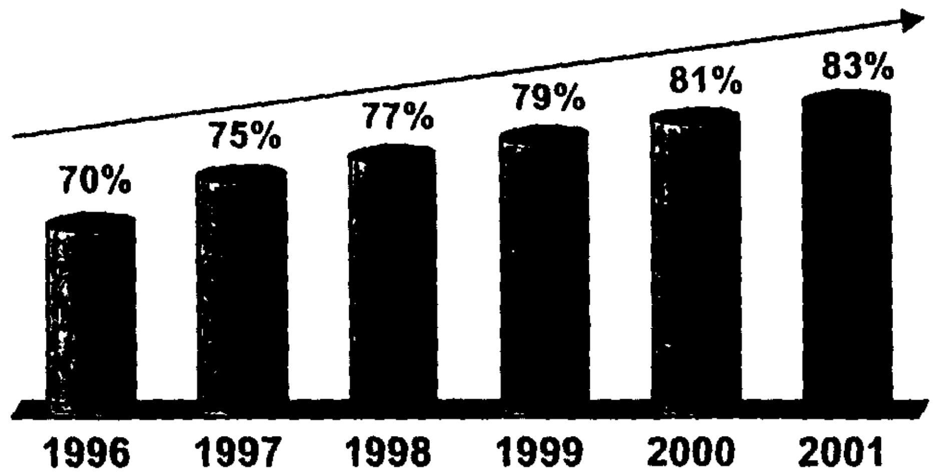
DETAILED FINDINGS

- Competitive Environment

Cable/Satellite TV Penetration Has Continued To Rise Steadily Since 1996.



The Number Of Satellite-Only Households Continues To Grow, While Cable-Only Household Penetration Has Dropped Slightly From Its 2000 Levels.

	1996	1997	1998	1999	2000	2001
Cable-Only Households	64%	65%	68%	68%	66%	65%
Households that have "Both" Cable & Satellite TV Services	1%	4%	2%	3%	3%	4%
Satellite-Only Households	5%	6%	7%	8%	12%	14%

Source: 1996-2001 JDP&A Cable/Satellite CSI Studies

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Cable Companies Account For A Majority Of The Market, Although Satellite Providers Maintain A Steady Rate Of Growth From Year To Year. Following The Acquisition Of Primestar Last Year DirecTV Is Now The Third Largest Provider Of Cable/Satellite Service Nationally.

	1996	1997	1998	1999	2000	2001
Cable Providers	%	%	%	%	%	%
AT&T Cable/Broadband+	20	20	17	14	15	18
Time Warner	14	15	14	15	14	14
Comcast	9	9	9	10	8	10
Charter	2	3	3	5	7	8
Adelphia	1	3	4	5	6	7
Cox	5	5	5	5	9	7
Cablevision	*	5	6	8	6	5
Cable One	*	*	1	*	1	1
Insight	na	na	na	na	na	1
Mediacom	na	na	na	na	na	1
Others	38	27	25	20	13	11
Satellite Providers						
DirecTV++	5	5	5	5	11	12
DISH Network	*	1	2	2	5	7
Others	4	7	3	6	2	2

* = Less Than 1%
\+ = Formerly TCI Cable
++ = Includes Primestar
na = data not available

Base: Subscribe to Cable/Satellite TV
Note: Columns may add to more than 100% due to HH's with both cable and satellite

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Source: 1996-2001 JDP&A Cable/Satellite CSI Studies

DETAILED FINDINGS

* Customer Satisfaction Measurement Process

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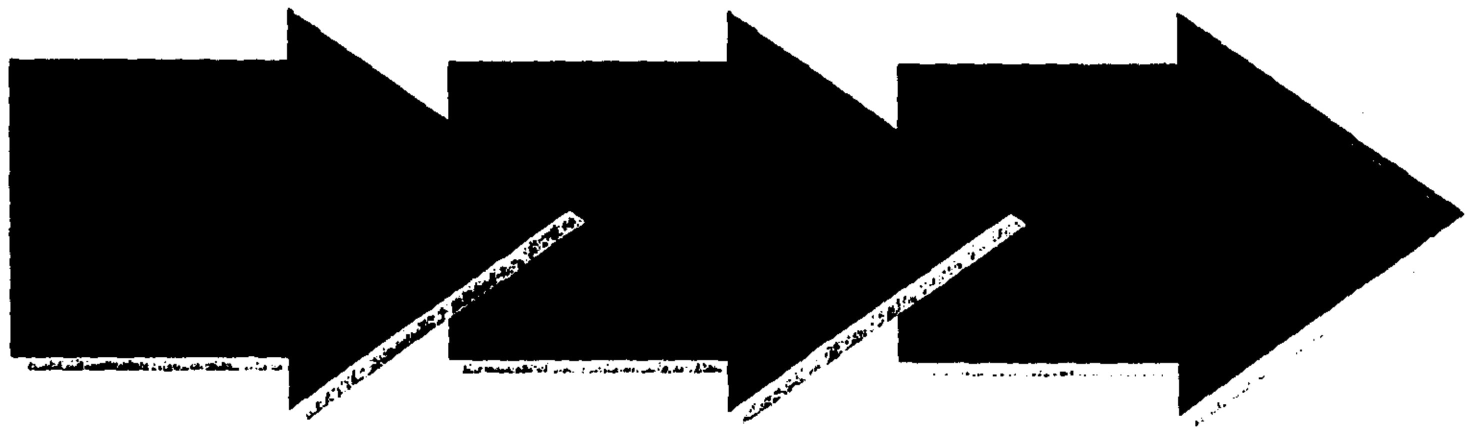
Customer Satisfaction Measurement Process

We Employ The J.D. Power And Associates' Three Step Process To Measure Customer Satisfaction...



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...The First Step, Factor Analysis, Groups Attributes Together Based On The Similarity Of Responses

Identifies unique satisfaction dimensions and eliminates non-discriminating dimensions

Customer Satisfaction Attributes Covered For Cable/Satellite TV Service

Cost of Service

- Total cost of monthly service
- Provides good value
- Cost of adding additional channels
- The initial cost of installation
- Cost of adding service to 2 or more TVs

Equipment & Service Capabilities

- Offers the services you want in your area
- Keeps service outages to a minimum
- Ability to restore service after temp. outages
- Equipment that is easy to operate
- Provides replacement or loaner equipment

Credibility/Billing

- Is a technical innovator and leader in the industry
- Company's reputation
- Company's honesty with no gimmicks, misleading ads or hidden charges
- Active in supporting activities in community
- Keeps you informed about new services or promotions
- Timeliness in making adjustments to your bill
- Ease of understanding Company correspondence such as bill inserts
- Availability of a variety of payment methods
- Company's ability to stand behind the services they sell
- Accuracy of your monthly bills
- Ease of understanding your monthly bills

Customer Service

- Has courteous customer service reps
- Can get through to customer service without being put on hold or transferred to different departments
- Has knowledgeable customer service reps
- Ability to resolve service issues in a timely manner
- Promptly makes changes to service when requested
- Thoroughness of information provided
- Has responsive customer service reps.
- Has a user-friendly automated response system
- Has convenient customer service hours
- Time it takes to reach a customer service rep

Source: 2001 JDP&A Cable/Satellite CSI Studies

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Customer Satisfaction Attributes Covered For Cable/Satellite TV Service

Program Offerings

- Offers channels you like as a part of "basic"
- Number of channels available
- Offers special discounts on select channels
- Makes it easy to find something to watch
- Provides a variety of program packages
- Ease of ordering pay-per-view
- Provides local programming

Reception Quality

Consistently delivers clear reception on all channels
Clarity of reception

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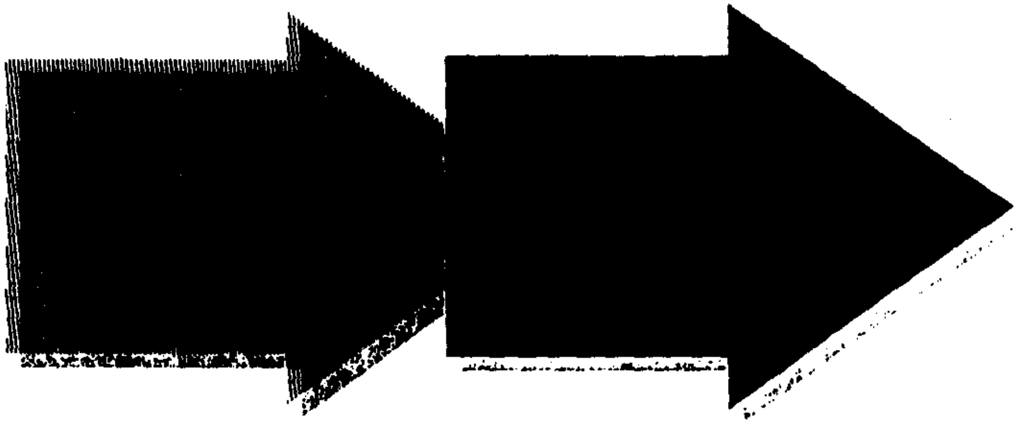
The Second Step, Regression Analysis, Identifies Strength Of Relationships Between Attributes And Overall Satisfaction.

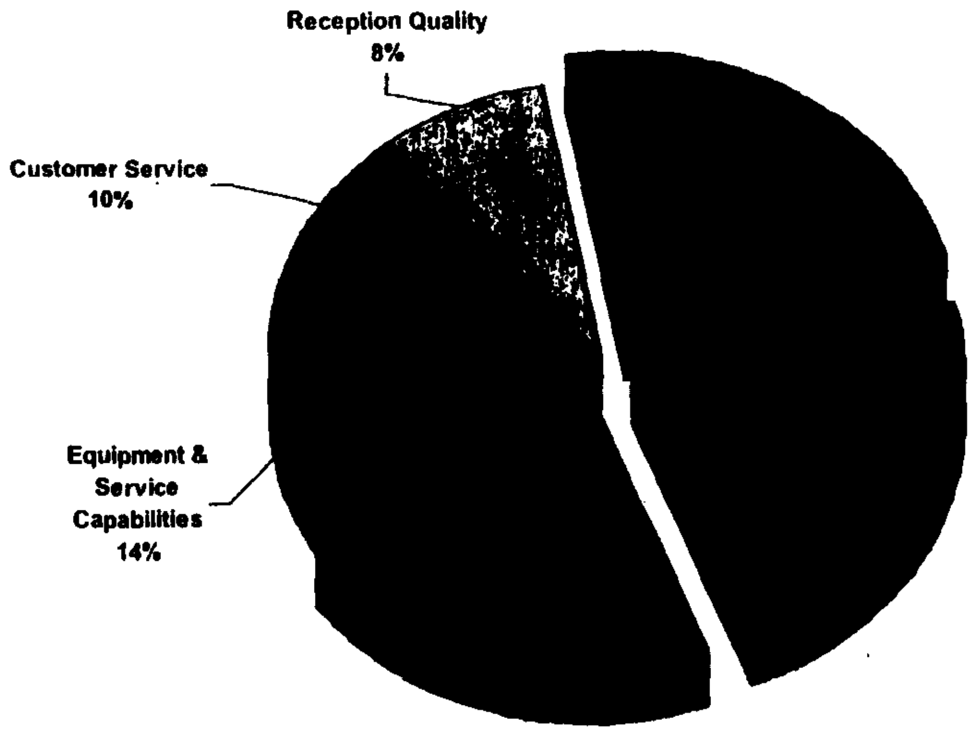


Identifies unique satisfaction dimensions and eliminates non-discriminating dimensions

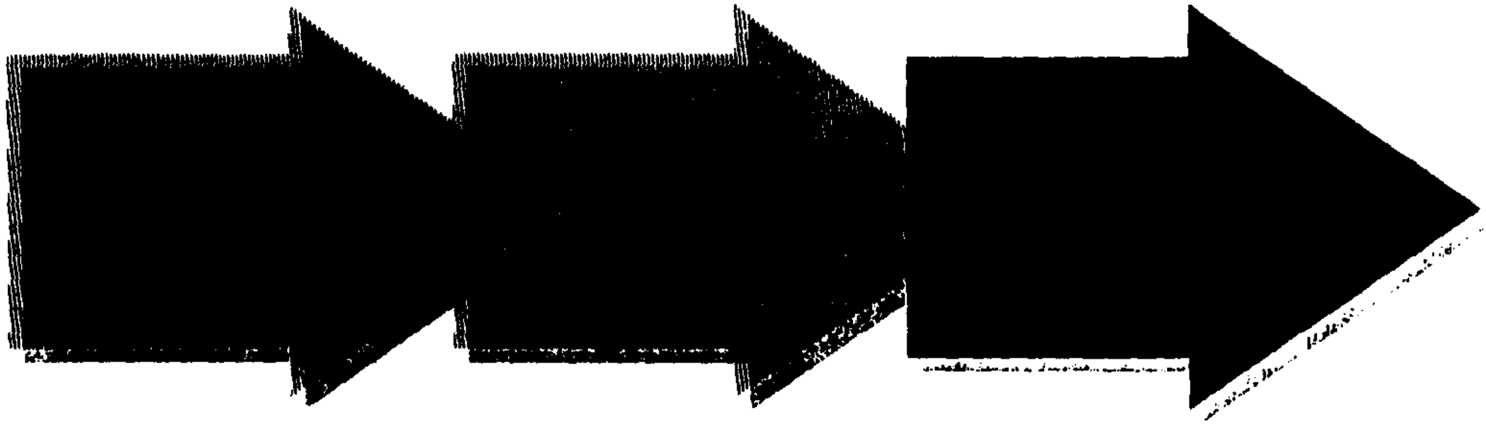
Identifies importance based on implied weights of each unique dimension

Cost Of Service, *Credibility/Billing* And *Program Offerings* Have The Most Impact On Overall Customer Satisfaction With Cable/Satellite TV Service, Followed By *Equipment And Service Capabilities*, *Customer Service* And *Reception Quality*.

Customer Satisfaction Index Weights: Cable/Satellite TV



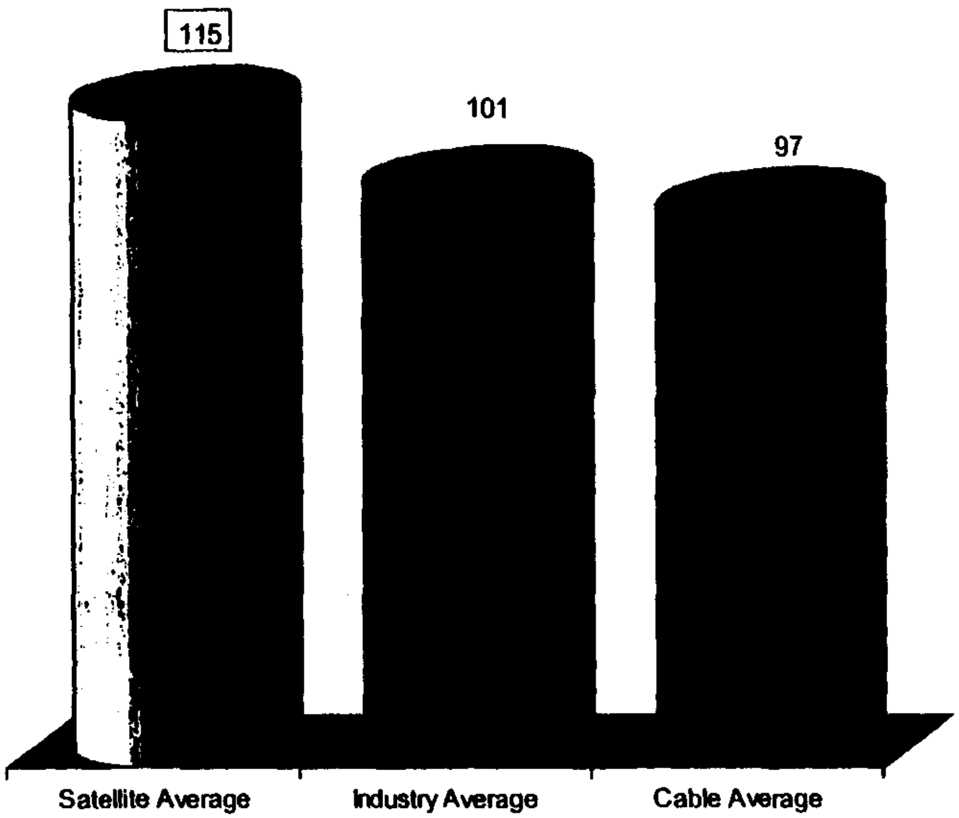
The Third Step Involves *Deriving* Satisfaction Index Scores For Each Service Provider Using The Weights Established In The Regression Analysis.



Identifies unique satisfaction dimensions and eliminates non-discriminating dimensions	Identifies importance based on implied weights of each unique dimension	**Scores respondents based on weights and establishes an industry average**

Satellite Users Are Significantly More Satisfied Than Cable Users.

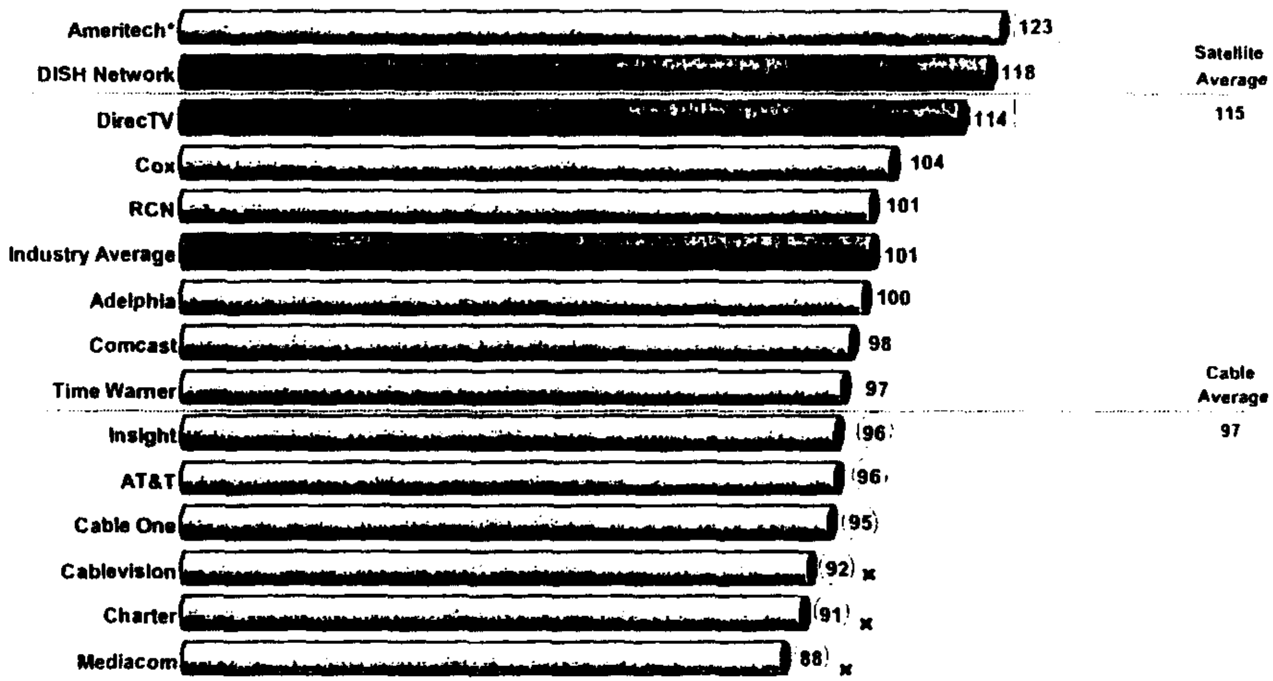
Customer Satisfaction Index Scores



▭ = Statistically significant above INDUSTRY average at 95% confidence level
⬭ = Statistically significant below INDUSTRY average at 95% confidence level

Ameritech Americast Significantly Outscores The Rest Of The Competitive Cable/Satellite Field In Overall Satisfaction. Among Satellite Companies, DISH Network Ranks Above DirecTV.

Customer Satisfaction Index Scores



* = americast cable provided by Ameritech
= Statistically significant above SEGMENT average at 95% confidence level
x = Statistically significant below SEGMENT average at 95% confidence level
▭ = Statistically significant above INDUSTRY average at 95% confidence level
⬭ = Statistically significant below INDUSTRY average at 95% confidence level

Satellite Service Providers
Cable Service Providers

Source: 2001 JDP&A Cable/Satellite CSI Study

DISH Network's Lead Over DirecTV Can Be Attributed To Strong Scores In The *Cost Of Service*, *Customer Service* And *Reception Quality* Factors. Ameritech Scores Significantly Above The Cable Industry Average In All Factors Of Overall Satisfaction.

	[illegible] Average	[illegible] Average	DISH Network	DirecTV
[illegible]	101	115	118	114
[illegible]	102	120	124	118
[illegible]	100	115	117	113
[illegible]	102	118	119	117
[illegible]	99	109	111	108
[illegible]	97	105	111	102
[illegible]	99	120	123	118

= Statistically significant above SEGMENT average at 95% confidence level
✖ = Statistically significant below SEGMENT average at 95% confidence level
■ = Statistically significant above INDUSTRY average at 95% confidence level
· = Statistically significant below INDUSTRY average at 95% confidence level

Source: 2001 JDP&A Cable/Satellite CSI Studies

Ameritech Americast Scores Significantly Above The Cable Industry Average In All Factors Of Overall Satisfaction.

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Comcast	Time Warner	Insight	AT&T	Cable One	Cable Vision	Charter	Media-com
[illegible]	101	97	**123**	104	101	100	98	97	**96**	**96**	**95**	**92** ✖	**91** ✖	**88** ✖
[illegible]	102	98	**123**	103	106	103	**97**	97	100	98	**95**	**86** ✖	**95**	**94**
[illegible]	100	97	**121**	**106**	98	100	98	98	**94**	**95**	97	**92** ✖	**89** ✖	**87** ✖
[illegible]	102	98	**124**	104	102	100	99	98	**97**	**97**	**92** ✖	**94**	**93** ✖	**88** ✖
[illegible]	99	97	**125**	**105**	101	98	99	98	95	**94**	**93**	98	**91** ✖	**84** ✖
[illegible]	97	96	**124**	**105**	95	**102**	96	95	94	**91** ✖	100	94	**92**	**91** ✖
[illegible]	99	94	**120**	99	102	**94**	**92**	99	**94**	**94**	**90** ✖	97	**85** ✖	**80** ✖

* = americast cable provided by Ameritech

= Statistically significant above SEGMENT average at 95% confidence level

✖ = Statistically significant below SEGMENT average at 95% confidence level

■ = Statistically significant above INDUSTRY average at 95% confidence level

. = Statistically significant below INDUSTRY average at 95% confidence level

Source: 2001 JDP&A Cable/Satellite CSI Studies

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